

Message Text

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IO:RDMOREY (DRAFT)

IO/CMD:DIFORMAN

EA/VN:RGRICHMOND

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EXDIS

E.O. 11652: GDS

TAGS: UNDP, EAID, VS

SUBJECT: UNDP GOVERNING COUNCIL - VIETNAM COUNTRY PROGRAM

REF: SAIGON 840

1. BOTH DEPARTMENT AND USUN FULLY AWARE THAT REAL MOTIVATION OF SWEDES (SPEAKING FOR NORDICS) AND INDIANS IS TO STRIP UNDP PROGRAM FROM SOUTH VIETNAM AND DIVERT IPF RESOURCES TO PRG THROUGH UNHCR AND UNICEF.(FYI: IN THIS CONNECTION, IT IS CLEAR THAT SWEDES HOPED TO IMMOBILIZE US BY LIMITING ATTACK IN GOVERNING COUNCIL (GC) TO UNEXPENDED BALANCES AND DIVERTING RESOURCES TO THE TWO AGENCIES IN UN SYSTEM WHICH THE US HOLDS IN HIGHEST REGARD. END FYI.) IN THIS SENSE, SWEDES' PUBLIC MOVES AGAINST PROGRAM IN GC AND PRIVATE MOVES AGAINST SALES WITH PETERSON ARE RELATED. ATTACK ON PROGRAM IN GC HAS BEEN BLOCKED AND DECISION FOR SALES TO SERVE TO END OF PRESENT TOUR IS BEST ACHIEVABLE OUTCOME IN VIEW OF TWO PREVIOUS EXTENSIONS AND CONTINUING PRESSURE ON PETERSON FOR SALES IMMEDIATE RECALL.

2. IN LIGHT TO FOREGOING USUN 205 REFERRING TO PETERSON'S INTENTION TO MAINTAIN THE "STATUS QUO" MAY HAVE BEEN MIS-
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UNDERSTOOD. CABLE REFERENCE WAS NOT TO MATTER OF PIERRE

SALES' SECONDMENT TO UNDP, BUT RATHER TO THE UNDP PROGRAM IN SOUTH VIETNAM. AS PREVIOUSLY REPORTED, SOME 70 PERCENT

OF THE 10 MILLION DOLLARS UNDP IPF FOR 1972-1976 HAS BEEN ALLOCATED AND SOME 25 PERCENT OF THAT TOTAL FIGURE HAS ACTUALLY BEEN EXPENDED. IT IS CLEAR THAT PETERSON'S INTENTION IS TO MAINTAIN THE STATUS QUO RE PROGRAM. THIS POSITION IN AND OF ITSELF IS OF UTMOST IMPORTANCE, SINCE SWEDISH INTENTION WAS TO OVERTURN STATUS QUO ALTOGETHER AND DIVERT UNEXPENDED FUNDS TO UNHCR AND UNICEF. HAD US NOT DEALT FIRMLY WITH SITUATION AS IT DEVELOPED ON FLOOR OF UNDP GOVERNING COUNCIL, SWEDISH SUGGESTION, SECONDED BY DANES, INDIANS AND FINNS WOULD HAVE DEVELOPED INTO FULL-FLEDGED PROPOSAL. DEBATE ON SUCH A PROPOSAL WOULD HAVE BEEN LENGTHY AND LACERATING, BUT IN THE END THE PROPOSAL WOULD HAVE CARRIED BY SUBSTANTIAL MARGIN. SUCH AN UGLY DEBATE AND VOTE WERE AVOIDED ALTOGETHER DUE TO THE PARLIAMENTARY AND DIPLOMATIC EFFORTS OF USUN WORKING WITH TACIT SUPPORT OF UNDP ADMINISTRATION, INCLUDING ADMINISTRATOR PETERSON.

3. THE COMPLICATED SALES' SITUATION NOT AT ISSUE IN THE GC. BASED ON SALES' PERFORMANCE, US SHARES AMB. MARTIN'S HIGH OPINION OF HIM. HE HAS LAUNCHED AND GUARANTEED THE INITIAL SUCCESS OF ALL SIGNIFICANT UNDP PROJECTS IN VIETNAM. PETERSON HAS INFORMED USUN THAT HE HAS RECEIVED A NUMBER OF REPRESENTATIONS AND DEMARCHE OVER TIME QUESTIONING SALES' IMPARTIALITY. THE PRESSURE ON PETERSON BY GOVERNMENTS WAS SUCH THAT, AS PETERSON HAS STATED, HE WAS ON VERGE OF RECALLING SALES IN DECEMBER 1974. USUN, HAVING LEARNED OF PETERSON'S INTENTIONS, CONVINCED PETERSON TO RETAIN SALES THROUGH THE EXPIRATION OF HIS CONTRACT AND END OF NORMAL TOUR OF DUTY, I.E., MARCH 31, 1975.

4. GIVEN INTENSE GOVERNMENTAL PRESSURE ON PETERSON AND THE FACT THAT SALES WILL HAVE SUCCESSFULLY COMPLETED A TWO-YEAR TOUR IN MARCH, US DOES NOT BELIEVE IT WOULD BE POSSIBLE TO MOVE PETERSON TO CONSIDER EXTENSION OF SALES IN VIETNAM FOR AN ADDITIONAL 12 MONTHS. USUN UNDERSTANDS CONFIDENTIAL

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UNDP PREPARED TO OFFER SALES ADDITIONAL YEAR HEADQUARTERS. DEMARCHE ON PETERSON WOULD ALMOST CERTAINLY GUARANTEE THE REOPENING OF THE LARGER AND MORE IMPORTANT ISSUE RAISED BY THE SWedes, I.E., THE TERMINATION, FOR ALL PRACTICAL PURPOSES, OF ONGOING UNDP PROGRAM IN SOUTH VIETNAM AND ITS DIVERSION TO PRG. AN EXTENSION OF SALES AT SAIGON BEYOND MARCH 31 WOULD TRIGGER AT LEAST A DEBATE AND POSSIBLY A VOTE ON THE SOUTH VIETNAMESE PROGRAM AT

THE 20TH UNDP GOVERNING COUNCIL IN JUNE. GIVEN PRESENT
POLITICAL CLIMATE IN UN, US POSITION ON ISSUE COULD NOT
BE SUSTAINED. IN SUCH AN EVENT THERE WOULD BE NOT ONLY
PUBLIC DEFEAT FOR US, BUT EVEN PUBLIC DAMAGE TO

GVN POSITION. IT IS UNLIKELY THAT PETERSON WOULD OR
COULD RESIST PRESSURE FOR SALES' RECALL AFTER SUCH A GC
VOTE. WE CONCLUDE THAT A DEMARCHE FOR EXTENSION WOULD
BE COUNTERPRODUCTIVE.

KISSINGER

NOTE BY OCT: EXDIS CAPTION ADDED PER MR. JOHNSON S/S-O.

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